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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
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INTELLIGENCE MEMORANDUM:

Political Developments in Brazil

1. President Castello Branco today decreed a new Institutional Act that gives the government near dictatorial powers.

2. The sudden announcement of the Institutional Act was a result of the regime's expectation that congress was about to reject several constitutional measures that the government had proposed. Castello Branco had counted heavily on the measures, which would have increased the government's power in security matters, as a way of easing the pressure on him from the military. The military has reacted bitterly to victories by candidates of former President Kubitschek's Social Democratic Party in the 3 October gubernatorial elections and to Kubitschek's return from exile on 4 October. In a national radio and television speech this morning Castello Branco stated that new changes were necessary "for a period to consolidate the revolution" and to counter "growing leftist and counter-revolutionary activity."

3. The text of the Institutional Act itself is not yet available but a number of official and press reports state that several sweeping measures are included. The Act apparently grants the president authority to decree a state of siege for up to 180 days and to order congress into recess. Castello Branco is also given broad power to intervene directly in the states, to remove the political rights of any person for 10 years and cancel the mandates of elected officials. [REDACTED] the Institutional Act also abolishes or suspends all political parties. In addition, military courts are given jurisdiction over civilians accused of crimes against national security; the Supreme Court is expanded to 16 members from the present total of 11; and indirect presidential elections are established in place of the present requirement for direct elections.

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4. The Institutional Act is likely to have strong political repercussions in Brazil during the next few weeks. Opponents of the regime are likely to react by promoting new attacks against the government. Some demonstrations and other disturbances will probably develop, although no widespread violence appears likely. The extent of the adverse reaction will depend a great deal on what Castello Branco does with his new powers, many of which are only reserve powers. Foreign reactions are likely to be strongly critical for the most part, particularly in the other countries of the Hemisphere.

5. In the long run the newly decreed powers will unify the military behind the president, thereby increasing his prospects for continuing his present policies of eliminating corruption, streamlining political structures, and promoting economic development. Castello Branco has shown no indication that he is considering any drastic change in direction. The forces of the left and others affected by any forthcoming decrees issued under the Institutional Act may adopt a more defiant attitude towards the government. However, as long as the regime continues to enjoy the support of the armed forces, it should be able to contain any major threat to political stability.

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